

Message Text

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ACTION TRSE-00

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USEEC

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E.O. 11652: N/A
TAGS: ECON, EFIN, CA
SUBJECT: IMF/IBRD ANNUAL MEETING

REF: STATE 203590

1. EMBOFFS DISCUSSED MEETING WITH R. JOYCE, ASSISTANT
DEPUTY MINISTER FOR INTERNAL TRADE AND FINANCE, DEPT.
OF FINANCE. JOYCE, WHILE NOTING THAT GOC PREPARATIONS
FOR MEETING WERE IN VERY EARLY STAGES, COMMENTED IN
GENERAL TERMS ON QUESTIONS RAISED REFTEL.

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--AT PRESENT TIME, GOC DOES NOT PLAN TO ADVANCE PROPOSALS
EITHER IN PLENARY OR DIRECTLY WITH SENIOR BANK/FUND
OFFICIALS. JOYCE INDICATED, HOWEVER, HE BELIEVES GOC
WILL EXPRESS VIEW THAT PROPOSED QUOTA INCREASE IS EXCES-
SIVE IN RELATION TO NEED FOR ADDITIONAL INTERNATIONAL
LIQUIDITY. MOREOVER, GOC SEES TRADEOFF BETWEEN IMPLEMEN-
TATION OF SUPPLEMENTAL FINANCING FACILITY (SFF) AND SIZE

OF QUOTA INCREASE. IN GOC VIEW, PROVISION OF EXTERNAL FINANCING FOR "PROBLEM COUNTRIES" SHOULD BE DONE THROUGH SPECIAL ARRANGEMENTS, SUCH AS SFF, RATHER THAN THROUGH ACROSS THE BOARD QUOTA INCREASE.

--GOC DOES NOT NOW PLAN TO RAISE ISSUES BILATERALLY WITH U.S. DELEGATION. (JOYCE PROMISED TO INFORM US PROMPTLY SHOULD THIS CHANGE.) JOYCE COMMENTED THAT AUTO PACT (ESPECIALLY QUESTION OF INVESTMENT INCENTIVES) AND TRADE MATTERS RELATED TO MTN WERE CLEARLY IMPORTANT BILATERAL ISSUES, BUT SHOULD BE PURSUED ON SEPARATE TRACKS. GOC DELEGATION WILL SEEK UPDATE FROM U.S. ON LEGISLATIVE STATUS OF SFF AND FOREIGN ASSISTANCE BILL. GOC EXPECTS CRITICISM FROM LDC'S AND OTHERS ON ITS RECENT DECISION TO CUT CIDA'S PRIVATE BUDGET. (SEE OTTAWA 4095). IN FACT, GOC ANTICIPATES PRIVATE BLAST FROM LDC'S AT COMMONWEALTH FINANCE MINISTER, SCHEDULED FOR SEPTEMBER 18-21 IN MONTREAL TO PREPARE FOR BANK/FUND MEETING. JOYCE ALSO INDICATED THAT COMMONWEALTH COUNTRIES COULD WELL MAKE A COLLECTIVE STATEMENT CRITICAL OF DELAY IN U.S. CONTRIBUTIONS TO REPLENISHMENT OF IFI RESOURCES.

--CANADIAN DELEGATION WILL BE LED BY FINANCE MINISTER CHRETIEN AND WILL INCLUDE: G. BOUEY, GOVERNOR, BANK OF CANADA; M. DUPUY, PRESIDENT OF CIDA; W. HHHH, ASSOCIATE DEPUTY MINISTER OF FINANCE; JOYCE AND M. KELLY, DIRECTOR, LIMITED OFFICIAL USE

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OFFICE OF INTERNATIONAL FINANCE, DEPT. OF FINANCE. EXTAFF WILL ALSO BE REPRESENTED -- PROBABLY BY R. JOHNSTONE, DEPUTY UNDER SECRETARY, ESPECIALLY IF THERE IS TO BE A MEETING OF STAFFS FROM ECONOMIC SUMMIT COUNTRIES.

2. GOC DOES NOT NOW PLAN TO REQUEST BILATERAL MEETING WITH SECRETARY BLUMENTHAL. JOYCE, HOWEVER, EXPRESSED DESIRE TO MEET WITH ASSISTANT SECRETARY BERGSTEN AND ASKED WHETHER MEETING OF "BERGSTEN COMMITTEE" WOULD BE HELD.

3. IN COURSE OF DISCUSSION OF FUND/BANK ISSUES, EMBOFFS QUESTIONED JOYCE ON GOC VIEW ON SCHMIDT-GISCARD PROPOSAL FOR CLOSER EUROPEAN MONETARY COOPERATION. JOYCE SAID THAT WHILE GOC HAD NOT FORMULATED DEFINITIVE POSITION ON PROPOSAL (IN PART BECAUSE IT REMAINS VAGUE), ITS IMPLEMENTATION COULD EFFECT NOT ONLY EUROPEAN CURRENCIES BUT ALSO CURRENCIES OF OTHER COUNTRIES (E.G., FRANCOPHONE AFRICA) WHICH ARE TIED TO THEM, FURTHERING TENDENCY TO DEVELOP "ECONOMIC BLOCS". THIS, IN TURN, COULD RESTRICT CANADA'S ROOM FOR MANEUVER AND PUSH IT CLOSER TO U.S. -- A PROSPECT WHICH JOYCE THOUGHT DISQUIETING. ENDERS

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